



HEAD OF HOUSEHOLD AUDIT LETTER

We are reviewing your 2007 California income tax return to determine if you qualified to use the head of household (HOH) filing status. The enclosed Audit, Contact, and Privacy Notices provides information about what to expect during the audit process, including your rights and your right to privacy.

To help us determine if you used the HOH filing status correctly, complete the *Head of Household Audit Questionnaire* on pages 3 and 4 enclosed with this letter and return both pages to us by the response due date listed above. If you need more space to answer any of the questions, use a separate sheet of paper and attach it to your response.

To help you complete the audit questionnaire refer to:

- Page 2 - *Head of Household Assistance Information*;
- Page 5 - *Head of Household Requirements for 2007*; and
- Page 6 - 8 - *Head of Household Frequently Asked Questions*.

If you determine that you did not qualify for the HOH filing status, write "I do not qualify" on the questionnaire. Return the questionnaire indicating that you do not qualify by the response due date indicated above.

Return your completed questionnaire, **one** of the following ways:

- Complete the audit questionnaire online. Go to our Website at **www.ftb.ca.gov** and search for **hoh web** in the search box to find the *HOH Audit Letter Web Response* page. You will need your social security number and the FTB ID listed at the top of this letter to begin the questionnaire process.
- Fax pages 3 and 4 and any supporting information using the above fax number. A fax cover sheet is not necessary.
- Mail it to us using the enclosed pre-addressed envelope. If you mail your response to an address other than the one on the enclosed envelope, it may increase the time it takes to process your information.

It is important that you respond by the response due date listed above. If you do not respond, we may do the following:

- Deny your HOH filing status.
- Assess additional tax.
- Impose a penalty of 25 percent of the additional tax.

Please keep a copy of the completed questionnaire for your records.

Thank you for your prompt attention to this matter.

HEAD OF HOUSEHOLD ASSISTANCE INFORMATION

To receive **automated telephone assistance** in completing the audit questionnaire or to order FTB Pub. 1540, *California Head of Household Filing Status* by telephone, please call:

From within the United States (800) 555-4005
From outside the United States (not toll-free) (916) 845-6600

To receive additional information about the HOH filing status, to complete the audit questionnaire online, or to download FTB Pub. 1540, *California Head of Household Filing Status*, please go to our Website at:

www.ftb.ca.gov

Our **Taxpayer Services Center** is also available to answer any questions you may have about the questionnaire or the HOH filing status.

From within the United States, call (800) 852-5711
From outside the United States, call (not toll-free) (916) 845-6500

Assistance for persons with disabilities: We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments please call TTY/TDD (800) 822-6268.

ASISTENCIA INFORMATIVA SOBRE EL ESTADO CIVIL DE CABEZA DE FAMILIA

Para recibir **asistencia telefónica automatizada** de como completar el cuestionario de auditoría o para ordenar por teléfono la publicación FTB Pub. 1540, *California Head of Household Filing Status* en español, *FTB Pub. 1540SPAN, Información Sobre El Estado Civil Cabeza de Familia*, por favor llame:

Dentro de los Estados Unidos (800) 555-4005
Fuera de los Estados Unidos (número no gratuito) (916) 845-6600

Para recibir información adicional sobre el estado civil de cabeza de familia o para obtener una copia electrónica de la publicación FTB Pub. 1540 en español, FTB Pub. 1540SPAN, *Información Sobre El Estado Civil Cabeza de Familia de California*, por favor visite nuestro sitio Internet:

www.ftb.ca.gov

Nuestro **Centro de Servicios para el Contribuyente de Impuestos** (Taxpayer Service Center) también está disponible para contestar cualquier pregunta que usted tenga con respecto a esta carta o sobre el estado civil de cabeza de familia.

Dentro de los Estados Unidos llame al (800) 852-5711
Fuera de los Estados Unidos llame al (número no gratuito)..... (916) 845-6500

Asistencia para personas con discapacidades: Nosotros estamos en conformidad con la Ley sobre Estadounidenses con Discapacidades (ADA). Personas con discapacidades de la audición y del habla pueden llamar al TTY/TDD (800) 822-6268.



2007

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Please provide the information requested below. See page 5 of this letter for head of household qualification requirements. If you need more space to answer any of the questions or to provide explanations for your answers, use a separate sheet of paper and include it with your response. **For information on what to expect during the audit process see the enclosed *Audit, Contact, and Privacy Notices*.**

(1) Check one box below to identify the relationship of the person you believe qualified you for the head of household filing status.

- ☐ Son, daughter, stepson, or stepdaughter.
- ☐ Grandchild, brother, sister, half brother, half sister, stepbrother, stepsister, nephew, or niece.
- ☐ Eligible foster child.
- ☐ Father or mother.
- ☐ Grandfather, grandmother, stepfather, stepmother, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, sister-in-law, uncle, or aunt.
- ☐ Other (please explain). _____
(You cannot claim yourself, your spouse/Registered Domestic Partner (RDP) or your tax preparer.)

(2) Provide the social security number, name, and age of the qualifying person you indicated in Question 1.

Social Security Number: -- Name: _____

Age in years as of 12/31/2007: If less than one year old, age in months:

(3) Was your qualifying person's gross income less than \$3,400 in 2007? ☐ Yes ☐ No

(4) Did you provide more than half the support for your qualifying person in 2007? ☐ Yes ☐ No

(5) Was your qualifying person a full-time student at a recognized educational institution for at least five months during 2007? ☐ Yes ☐ No

(6) Did the qualifying person live with you the entire year of 2007?

☐ Yes. **Go to Question 8.**

☐ No. List the beginning and ending dates of each period the qualifying person lived with you during 2007, **or** provide the total number of days the qualifying person lived with you during 2007 **and** then answer Question 7.

From / / To / /

OR

From / / To / /

Total number of days
(More than 12 hours each day)

(7) If your qualifying person did not live with you for the entire year during 2007, check one box below that best explains the main reason your qualifying person was absent from your home.

☐ Lived away at school ☐ Military Service ☐ Hospital/Convalescence ☐ Birth or Death

☐ College ☐ Lived with other parent ☐ Moved in or out ☐ Other (please explain) _____

(8) If your qualifying person was a foster child, was the child placed with you by an authorized placement agency or by a judgement, decree, or other order of a court?

☐ Yes ☐ No

If yes, what is the name of the placement agency or court that ordered the placement?

(9) Was your qualifying person in Question 1 married or an RDP as of December 31, 2007?

☐ Yes ☐ No

If yes, did this person file a joint federal or state tax return for 2007 with his or her spouse or RDP?

☐ Yes ☐ No

(10) Was your qualifying person a citizen of the U.S. or a resident of the U.S., Canada, or Mexico?

☐ Yes ☐ No

(11) As of December 31, 2007, were you single? "Single" means you never married, never registered as a domestic partner (RDP), or were widowed (spouse or RDP died before January 1, 2007); or you were divorced, legally separated, or your registered domestic partnership was legally terminated on or before December 31, 2007; or your marriage or registered domestic partnership was annulled.

☐ Yes ☐ No

(12) If you were legally married or an RDP during all or part of 2007, did you live with your spouse or RDP at any time during that year? You were married or an RDP in 2007 if you were not divorced, legally separated, or did not legally terminate your registered domestic partnership on or before December 31, 2007; and your marriage or registered domestic partnership was not annulled.

☐ Yes ☐ No

If yes, list beginning and ending dates of each period that you lived with your spouse or RDP during 2007.

From / / To / / From / / To / /

Please provide a telephone number and the best time we can reach you between 6:30 a.m. and 7 p.m. Monday through Friday, if we need more information.

Telephone number: ----- Best time to call: _____
(Area Code) (Number) (Extension)

I declare under penalty of perjury that the above statements are true and correct to the best of my knowledge and belief.

Signature _____ **Date** _____

Head of Household Qualification Requirements for 2007

The law allowing this filing status has very specific rules. You must meet all of the following requirements:

1. You must have paid more than one-half the cost of keeping up a home that was, for more than one-half of the year, the main home for you and one of the specified qualifying persons described in the tables below.
2. Your qualifying person must have been a citizen or national of the U.S., or a resident of the U.S., Canada, or Mexico.
3. Your qualifying person must not have filed a joint federal or state return with his or her spouse or RDP.
4. On the last day of the year, you must meet the requirements to be either "unmarried", "considered unmarried" or considered not in a registered domestic partnership" as outlined in the tables below.

Qualification Requirements for Unmarried Taxpayers	
Requirements	Qualifying Persons
<p>For head of household purposes, "unmarried" means one of the following:</p> <ul style="list-style-type: none"> • Never married and never registered as a domestic partner. • Divorced under a final decree by December 31, 2007. • Legally separated under a final decree by December 31, 2007. • Your registered domestic partnership was legally terminated by December 31, 2007. • Marriage or registered domestic partnership annulled under a final decree. • Widowed (Spouse or RDP died before January 1, 2007). 	<p>Your qualifying person must be one of the following:</p> <p>A. Your birth child, grandchild, stepchild, adopted child, eligible foster child*, brother, sister, half brother, half sister, stepbrother, stepsister, or a descendant of such an individual, who lived with you for more than half of 2007, who did not pay more than half of his or her own support during the year, and who:</p> <ol style="list-style-type: none"> 1. Did not reach the age of 19 by December 31, 2007, or 2. Was a full-time student who did not reach the age of 24 by December 31, 2007. <p>B. Your birth child, grandchild, stepchild, adopted child, eligible foster child*, or a descendant of such an individual, brother, sister, half-brother, half-sister, stepbrother, stepsister, parent**, grandparent, stepparent, son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law who lived with you for more than half of 2007; or your blood-related uncle, aunt, nephew, or niece who lived with you for more than half of 2007. In addition:</p> <ol style="list-style-type: none"> 1. You must have provided more than half of the individual's support for the year, and 2. The individual's gross income for the year must be less than the federal exemption amount for the year. <p>* To qualify as your eligible foster child, a child must be placed with you by an authorized placement agency or by a judgement, decree, or other order of a court of competent jurisdiction.</p> <p>** Your parent need not live with you; however, you must provide more than half the cost of keeping up the home in which your parent lived for all of 2007.</p>

Qualification Requirements for Taxpayers Who are Considered Unmarried or Considered Not in a Registered Domestic Partnership	
Requirements	Qualifying Persons
<p>For head of household purposes, "considered unmarried" means you were legally married as of December 31, 2007, but were ending your relationship and you lived apart from your spouse at all times during the last six months of 2007.</p> <p>"Considered not in a registered domestic partnership" means you were still registered as a domestic partner as of December 31, 2007, but were ending your relationship and lived apart from your RDP at all times during the last six months of 2007.</p>	<p>Your qualifying person must be one of the following:</p> <p>A. Your birth child, stepchild, adopted child or eligible foster child* who lived with you for more than half of 2007, who did not pay more than half of his or her own support during the year, and who:</p> <ol style="list-style-type: none"> 1. Did not reach the age of 19 by December 31, 2007, or 2. Was a full time student who did not reach the age of 24 by December 31, 2007. <p>B. Your birth child, stepchild, adopted child, or eligible foster child* who lived with you for more than half of 2007. In addition:</p> <ol style="list-style-type: none"> 1. You must have provided more than half of the individual's support for the year, and 2. The individual's gross income for the year must be less than the federal exemption amount for the year. <p>* To qualify as your eligible foster child, a child must be placed with you by an authorized placement agency or by a judgement, decree, or other order of a court of competent jurisdiction.</p>



Head of Household Frequently Asked Questions

1. Q. Question 3 on the Head of Household Audit Questionnaire asks if my qualifying person's gross income was less than \$3,400 in 2007. My mother is my qualifying person. Her only income is \$6,000 of social security income. Is social security income counted as part of gross income?

A. Not in this case. Generally, gross income for HOH purposes only includes income that is taxable for federal income tax purposes. It does not include nontaxable income such as welfare benefits or the nontaxable portion of social security benefits. The law states that if half of social security benefits plus other income is \$25,000 or less, none of the social security income is taxable. In this case, you would not include your mother's social security income in the gross income amount for Question 3. Get IRS Publication 915, *Social Security and Equivalent Railroad Retirement Benefits*, if you need more information.

2. Q. What if I need more space to answer the questions on the audit questionnaire?

A. If you need more space to answer any of the questions or to provide explanations for your answers, use a separate sheet of paper and include it with your response.

3. Q. My son graduated from high school in June 2007, is he considered a full-time student?

A. Yes. Full-time students are those that attended school for some part of at least five calendar months during the year. The school must have a:

- Regular teaching staff.
- Course of study.
- Regularly enrolled student body in attendance.

The student must enroll in the number of hours or courses the school considers as full-time attendance. If the student enrolls in a full-time on-farm training course, a school or state or state political subdivision must provide the course. Schools include primary and secondary schools as well as technical schools, colleges, and universities.

4. Q. Who is a qualifying person?

A. A qualifying person is a relative, including an eligible foster child, who can qualify you for the head of household filing status. To determine which relatives can qualify you for the status, see the Head of Household Qualification Requirements for 2007 on page 5.

5. Q. I lived with my girlfriend and her child during the year. Can I consider the child as my stepchild or eligible foster child and claim the HOH filing status using the child as my qualifying person?

A. No. Because you were never married to the child's parent, the child is not your stepchild. Likewise, the child is not an eligible foster child because only a child who is placed with you by an authorized placement agency or by judgement, decree, or another order of a court can qualify as your eligible foster child.

However, you may be eligible to claim a dependent exemption for the child if the child meets all the requirements. See *California Head of Household Filing Status* (FTB Pub. 1540) for more information on claiming a dependent exemption. To order FTB Pub. 1540 by telephone or to download FTB Pub. 1540, see our Head of Household Assistance Information on page 2.

6. Q. Can I claim my parent as my qualifying person for the HOH filing status?

- A. It depends. If you are married on the last day of the taxable year, you cannot claim your parent as your qualifying person, even if you did not live with your spouse during the last six months of the taxable year.

If you are single on the last day of the taxable year, you can claim your parent as your qualifying person if you are entitled to claim a dependent exemption for your parent and if you meet all of the qualification requirements. Your parent must be a citizen, resident or national of the United States, or a resident of Mexico or Canada. Your parent need not live with you as long as you paid more than half the cost of keeping up the home that was your parent's main home for the entire taxable year.

See *California Head of Household Filing Status* (FTB Pub. 1540) for more information. To order by telephone or to download FTB Pub. 1540, see our Head of Household Assistance Information on page 2.

7. Q. Can my child qualify both parents for the HOH filing status?

- A. No. A child can qualify only one parent for the HOH filing status in a particular taxable year, and that parent must meet all the HOH requirements. (See the *Head of Household Qualification Requirements* on page 5.)

8. Q. My spouse and I lived apart the entire year, but we are still legally married. My son lives with me. I meet the requirements to claim a dependent exemption for him, but I have signed an agreement allowing his other parent to claim the dependent exemption. Can I still use the HOH filing status?

- A. Yes. You can claim your son as your qualifying person if you otherwise meet all of the HOH requirements and the only reason you did not claim a dependent exemption for him was because you signed an agreement allowing the other parent to claim the dependent exemption.

9. Q. I am divorced. My ex-spouse and I lived apart and shared equal custody of our child, who lived with each of us for 50 percent of the taxable year. Can I claim the HOH filing status?

- A. No. To claim the HOH filing status, your child must have lived with you for **more than** 50 percent of the taxable year. However, you may qualify for the Credit for Joint Custody Head of Household. See the *Personal Income Tax Booklet* (540/540A Booklet) for 2007 to determine if you qualify for this credit.

10. Q. My spouse and I separated during the year. Our son lived with me after we separated. I want to use the HOH filing status. In figuring the number of days our son lived with me, can I count the time he lived with my spouse and me before we separated?

- A. If you and your spouse separated during the period January 1 to June 30 and you were still married at the end of the year, you can count only **half** of the time that you, your spouse, and your son lived together and all the time you and your son lived together without your spouse.

If you and your spouse separated during the period July 1 to December 31 and you were still married at the end of the year, you cannot qualify for HOH filing status because to be considered unmarried, you must have lived apart from your spouse at all times during the last six months of the year.

Head of Household Frequently Asked Questions

If you and your spouse separated during the year and you were divorced or legally separated by the end of the year, you can count **half** of the time that you, your spouse, and your son lived together and all the time you and your son lived together without your spouse.

11. Q. My spouse and I were separated from the beginning of 2007 until November of 2007, when we reconciled. Since we were separated for more than six months of the year, can I still file using the HOH filing status?

A. No. Because you were married on the last day of the year, you must live apart from your spouse for the **entire last six months** of the taxable year to qualify for the HOH filing status. Since you lived with your spouse during a part of the last six months of the taxable year, you do not qualify for the HOH filing status.

12. Q. If I qualified to use the HOH filing status in a previous year, why did the Franchise Tax Board send me an audit letter this year?

A. Each taxable year stands on its own. We cannot determine if the circumstances that qualified you for the HOH filing status in a previous taxable year remained the same or if they changed for taxable years that followed.

13. Q. My registered domestic partner (RDP) and I lived together with my son until July 21st. Can I claim HOH filing status on my tax return since I was not legally married?

A. No. The rules for RDPs are similar to those for married taxpayers. For California HOH purposes, a taxpayer who was a RDP as of the last day of the tax year must meet the requirements to be "considered not in a registered domestic partnership." One requirement is that RDPs do not live together at any time during the last six months of the year. Since you and your RDP lived together during the first three weeks of July, you cannot be considered not to be in a registered domestic partnership. See *California Head of Household Filing Status* (FTB Pub. 1540) for more information. For more information on RDPs, get FTB Pub. 737, *Tax Information for Registered Domestic Partners*.



AUDIT, CONTACT, AND PRIVACY NOTICES

FRANCHISE TAX BOARD AUDIT AND CONTACT NOTICE

What you can expect from our audit or contact:

- Courteous treatment by our employees.
- Clear and concise information requests.
- Confidential treatment of any personal and financial information that you provide to us.
- Completion of the examination process within a reasonable amount of time.

We will notify you in writing when we conclude this process. At that time one of the following determinations will apply to your case:

- We accepted your return as filed.
- You owe additional tax.
- You overpaid your tax and are entitled to a refund.
- We have not changed your tax amount; however, you may be entitled to a refund if you correctly recomputed your tax and file a claim for refund before the statute of limitations expires.

Additional information regarding this audit or contact:

- Respond to our requests promptly and completely. If you fail to do so, the law allows us to adjust your tax return and assess penalties for not furnishing the information we requested.
- You may represent yourself or have someone else represent you. You may designate a representative by completing an FTB 3520, *Power of Attorney Declaration for the Franchise Tax Board*. Your rights are fully explained in FTB 4058, *California Taxpayers' Bill of Rights*.

If we propose any changes to your return, it is important that you understand the reason for the change. Contact the employee assigned to your case if you have any questions. The telephone number is in the letter sent with this notice.

To request forms you may:

- Visit our Website at www.ftb.ca.gov.
- Phone (800) 338-0505.
- Write to us at:

TAX FORMS REQUEST UNIT MS D120
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307

Assistance for persons with disabilities: We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments, please call TTY/TDD (800) 822-6268.

FRANCHISE TAX BOARD PRIVACY NOTICE

The privacy of your income tax information is of the utmost importance to us.

Your Rights

You have a right to see our records that contain your personal information. We must tell you why we ask for your income tax information and to whom we may provide it. You also have the right to question the accuracy of the information contained within your file.

Your Responsibilities

If you meet certain income requirements, you must file a return on the forms we prescribe. When you file the return and related documents, you must include your social security number for identification and return processing (R&TC Sections 18501, 18621, and 18624).

Reasons for Information Requests

We ask for return information so we can administer tax laws fairly and correctly. We may request additional information to resolve audit or collection issues. You must furnish all requested information.

Consequences of Noncompliance

We charge penalties and interest if you meet income requirements but do not file a return or provide the information we ask for, or if you provide fraudulent information. In certain cases, if you provide fraudulent information, we may pursue criminal prosecution. We may also disallow your claimed exemptions, exclusions, credits, deductions, or adjustments. This could increase your tax liability, or delay or reduce any refund.

Information Disclosure

We may disclose your tax information to:

- The Internal Revenue Service.
- Other states' income tax officials.
- The Multistate Tax Commission.
- Appropriate California government agencies and officials.
- Third parties, when necessary to determine or collect your tax liabilities.

If you owe us money, we can disclose the amount due to employers, financial institutions, county recorders, vacation trust funds, process agents, or others who may hold assets belonging to you.

Responsibility for the Records

The director of the Processing Services Bureau is responsible for maintaining Franchise Tax Board's records. You can obtain information about your records by:

Telephone: (800) 852-5711 within the United States
(916) 845-6500 outside of the United States (not toll-free)

Mail: DISCLOSURE SECTION MS A181
FRANCHISE TAX BOARD
PO BOX 1468
SACRAMENTO CA 95812-1468